

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Charter Township of Oakland	County Oakland
Fiscal Year End March 31, 2006	Opinion Date July 28, 2006	Date Audit Report Submitted to State September 26, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) Post, Smythe, Lutz and Ziel LLP		Telephone Number 734-453-8770		
Street Address 1034 W. Ann Arbor Trail		City Plymouth	State MI	Zip 48170
Authorizing CPA Signature 		Printed Name Rana M. Emmons, CPA		License Number 22716

CHARTER TOWNSHIP OF OAKLAND
Oakland County, Michigan

AUDITED FINANCIAL REPORT

For the Fiscal Year Ended
March 31, 2006

CHARTER TOWNSHIP OF OAKLAND
For the Year Ended March 31, 2006

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For the Year Ended March 31, 2006

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FINANCIAL SECTION

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Independent Auditor's Report

July 28, 2006

To the Board of Trustees
Charter Township of Oakland
Oakland County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Charter Township of Oakland, Michigan, as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Charter Township of Oakland's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

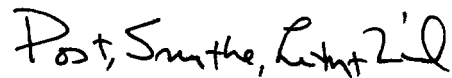
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Charter Township of Oakland as of March 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Trustees
Charter Township of Oakland, Michigan
July 28, 2006

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Charter Township of Oakland's basic financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully,

A handwritten signature in black ink that reads "Post, Smythe, Lutz and Ziel". The signature is written in a cursive, flowing style.

POST, SMYTHE, LUTZ and ZIEL LLP
Certified Public Accountants

Management's Discussion and Analysis

As management of the Charter Township of Oakland, we offer readers of the Charter Township of Oakland's financial statements this narrative overview and analysis of the financial activities of the Charter Township of Oakland for the fiscal year ended March 31, 2006.

Financial Highlights

- The assets of the Charter Township of Oakland exceeded its liabilities at the close of the most recent fiscal year by \$38,552,007 (*net assets*). Of this amount, \$17,028,365 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Charter Township of Oakland's governmental funds reported combined ending fund balances of \$13,242,769, an increase of \$377,070 in comparison with the prior year.
- Charter Township of Oakland's total long-term debt decreased by \$625,000 during the current fiscal year, which represents the principal portion of annual debt service payments.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Charter Township of Oakland's basic financial statements. The Charter Township of Oakland's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Charter Township of Oakland's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Charter Township of Oakland's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Charter Township of Oakland is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Charter Township of Oakland that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Charter Township of Oakland include general government, public safety, planning and zoning, public works, and recreation and culture. The business-type activities of Charter Township of Oakland include the sewer system. The government-wide financial statements can be found on pages 10-12 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Charter Township of Oakland, like other state and local governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Charter Township of Oakland can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Charter Township of Oakland maintains 13 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Fire, Police, Building, and the Land Preservation Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into aggregated presentations by fund type. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

A budgetary comparison statement has been provided for the General, Fire, Police, Building, and Land Preservations Funds to demonstrate compliance with the annual appropriated budget.

Proprietary funds. Charter Township of Oakland maintains one proprietary fund which is classified as an enterprise fund type. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Charter Township of Oakland used an enterprise fund to account for its sewer system.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer system, which is considered to be a major fund of the Charter Township of Oakland.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Charter Township of Oakland's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. The combining statements referred to earlier in connection with the nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 45-50 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Charter Township of Oakland, assets exceeded liabilities by \$38,552,007 at the close of the most recent fiscal year.

A significant portion of the Charter Township of Oakland's net assets (53 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Charter Township of Oakland used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Charter Township of Oakland's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Charter Township of Oakland's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and Other Assets	\$ 13,986,270	\$ 14,317,196	\$ 9,012,768	\$ 8,364,659	\$ 22,999,038	\$ 22,681,855
Capital Assets	21,194,139	17,795,578	7,877,882	7,887,506	29,072,021	25,683,084
Total Assets	35,180,409	32,112,774	16,890,650	16,252,165	52,071,059	48,364,939
Long-term Liabilities						
Outstanding	8,506,590	9,055,000	-	-	8,506,590	9,055,000
Other Liabilities	824,132	891,800	4,268,961	4,062,221	5,093,093	4,954,021
Total Liabilities	9,330,722	9,946,800	4,268,961	4,062,221	13,599,683	14,009,021
Net Assets:						
Invested in Capital Assets, net of related debt	12,687,549	8,740,578	7,877,882	7,723,915	20,565,431	16,464,493
Restricted	958,211	1,412,356	-	122,406	958,211	1,534,762
Unrestricted	12,284,558	12,013,040	4,743,807	4,343,623	17,028,365	16,356,663
Total Net Assets	\$ 25,930,318	\$ 22,165,974	\$ 12,621,689	\$ 12,189,944	\$ 38,552,007	\$ 34,355,918

An additional portion of Charter Township of Oakland's net assets (2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$17,028,365) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Charter Township of Oakland is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The governmental net assets increased by \$3,699,011 during the current fiscal year, as presented:

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Program Revenues:						
Charges for Services	\$ 1,384,705	\$ 1,036,356	\$ 5,981	\$ 11,687	\$ 1,390,686	\$ 1,048,043
Operating Grants & Contributions	30,252	40,160	-	-	30,252	40,160
Capital Grants & Contributions	1,675,928	1,605,084	430,636	366,664	2,106,564	1,971,748
General Revenues:						
Property Taxes	7,099,895	6,617,984	-	-	7,099,895	6,617,984
State Shared Revenues	906,998	883,611	-	-	906,998	883,611
Unrestricted Investment Earnings	382,363	207,608	237,309	141,824	619,672	349,432
Other	157,648	128,460	-	-	157,648	128,460
Total Revenues	<u>11,637,789</u>	<u>10,519,263</u>	<u>673,926</u>	<u>520,175</u>	<u>12,311,715</u>	<u>11,039,438</u>
Program Expenses						
General Government	1,284,275	1,208,765	-	-	1,284,275	1,208,765
Public Safety	3,768,252	3,132,475	-	-	3,768,252	3,132,475
Planning and Zoning	99,040	121,993	-	-	99,040	121,993
Public Works	441,923	73,840	-	-	441,923	73,840
Health and Welfare	142,892	133,006	-	-	142,892	133,006
Recreation and Cultural	1,844,820	1,394,053	-	-	1,844,820	1,394,053
Other	-	553,523	-	-	-	553,523
Interest on Long-Term Debt	357,576	364,007	-	2,009	357,576	366,016
Sewer	-	-	242,181	511,183	242,181	511,183
Total Expenses	<u>7,938,778</u>	<u>6,981,662</u>	<u>242,181</u>	<u>513,192</u>	<u>8,180,959</u>	<u>7,494,854</u>
Change in Net Assets	<u>\$ 3,699,011</u>	<u>\$ 3,537,601</u>	<u>\$ 431,745</u>	<u>\$ 6,983</u>	<u>\$ 4,130,756</u>	<u>\$ 3,544,584</u>

Business-type activities. Business-type activities increased Charter Township of Oakland's net assets by \$431,745 which is a result of \$430,636 of capital contributions in the current year.

Financial Analysis of the Government's Funds

As noted earlier, Charter Township of Oakland used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Charter Township of Oakland's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Charter Township of Oakland's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Charter Township of Oakland's governmental funds reported combined ending fund balances of \$13,242,769 an increase of \$377,070 in comparison with the prior year. The *unreserved fund balance*, which is the amount available for spending at the government's discretion, represents 93% of the total fund balance. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to uphold contracts or bond agreements (\$958,211).

The general fund is the chief operating fund of Charter Township of Oakland. At the end of the current fiscal year, unreserved fund balance was \$5,263,359 and total fund balance was \$6,117,908. As a measure of the general funds' liquidity, it may be useful to compare fund balances to total fund expenditures. Fund balance represents 260 percent of total general fund expenditures.

The fund balance of Charter Township of Oakland's general fund increased by \$891,585 during the current fiscal year. Revenues exceeded expenditures by \$1,091,585, and a transfer was made to the Fire Special Revenue Fund of \$200,000 to augment fire services.

Proprietary funds. Charter Township of Oakland's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Sewer Fund totaled \$4,743,807 at the end of the year. Other factors concerning the finances of this fund have already been addressed in the discussion of Charter Township of Oakland's business-type activities.

General Fund Budgetary Highlights

The differences between the beginning and final budgets represent a little over 3% change in the original spending plan; budgets were amended to reflect minor departmental variances.

Capital Asset and Debt Administration

Capital assets. Charter Township of Oakland's investment in capital assets for its governmental and business type activities as of March 31, 2006, amounts to \$29,072,021 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, and the sewer systems. The investment in fixed assets increased by \$3,388,937 due primarily to land purchases, water lines, and road improvements net of depreciation expense.

Long-term debt. At the end of the current fiscal year, Charter Township of Oakland had total bonded debt outstanding of \$8,430,000. All of Charter Township of Oakland's debt represents general obligation debt backed by the full faith and credit of Charter Township of Oakland, subject to constitutional limit.

Additional information on Charter Township of Oakland's long-term debt can be found in note IV. D. on page 34 of this report.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate is still relatively high in the State of Michigan and the State's shortfall in the budget may bring further reductions in state shared revenues. However, State shared revenues are expected to remain relatively stable in the 2006-2007 for the Township. Property tax revenue should show very modest gains for the foreseeable future. New construction in the Township has been curtailed with the recent economic uncertainty. That uncertainty is expected to continue for the next few years. A new OPC Transportation millage and a Land Preservation renewal extension millage were approved by the voters in August 2006. Those approvals will provide assurance of funding for those entities. Other tax proposals will be on the ballot for the November 2006 general election. A renewal and roll up to .75 mills for Parks and Recreation Operations as well as a new .25 mill question will be on the ballot for development of Township trails and safety paths. If approved, those new tax rates will not be implemented until the winter 2007 tax levy. Due to the delay of the second phase of the Rochester Road improvements, \$400,000 in developer payments in lieu of construction were not expended in the 2005-2006 fiscal year. Construction on that project is scheduled to begin in the spring of 2007, and those funds will be ultimately transferred to the Road Commission of Oakland County as that project progresses. The Township will continue its subsidy of the Fire Fund. Fire Fund revenues for the 2005-2006 fiscal year were beyond initial estimates due to better than expected activity and collections from ambulance fees. That trend is expected to continue. Building Fund revenues and costs are activity driven and fund balance is sufficient to ride out this economic downturn.

These were some of the factors considered in preparing the Charter Township of Oakland's budget for the 2006-2007 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of Charter Township of Oakland's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Township Superintendent, 4393 Collins Road, Rochester, Michigan, 48306.

BASIC FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF OAKLAND

Statement of Net Assets

March 31, 2006

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 13,362,473	\$ 9,004,890	\$ 22,367,363
Receivables (net of allowance for uncollectibles):			
Accounts	449,450	7,797	457,247
Due from Other Funds	200,754	(200,754)	-
Due from Other Units	174,348	81	174,429
Capital Assets (net of Accumulated Depreciation)	20,125,663	7,877,882	28,003,545
Intangible Assets (net of Accumulated Amortization)	1,068,476	-	1,068,476
Total Assets	<u>35,381,164</u>	<u>16,689,896</u>	<u>52,071,060</u>
<u>LIABILITIES</u>			
Accounts Payable	548,412	851	549,263
Accrued Liabilities	126,165	114,825	240,990
Due to Other Units	54,777	163,591	218,368
Deposits Payable	180,745	-	180,745
Deferred Revenue	34,157	3,788,940	3,823,097
Noncurrent Liabilities:			
Due within one year	690,000	-	690,000
Due in more than one year	7,816,590	-	7,816,590
Total Liabilities	<u>9,450,846</u>	<u>4,068,207</u>	<u>13,519,053</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, net of related debt	12,687,549	7,877,882	20,565,431
Restricted for:			
Debt Service	103,662	-	103,662
Specific Purposes	854,549	-	854,549
Unrestricted	12,284,558	4,743,807	17,028,365
Total Net Assets	<u>\$ 25,930,318</u>	<u>\$ 12,621,689</u>	<u>\$ 38,552,007</u>

CHARTER TOWNSHIP OF OAKLAND
Statement of Activities
For the Year Ended March 31, 2006

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General Government	\$ 1,284,275	\$ 199,574	\$ -	\$ -
Public Safety	3,768,252	764,825	-	-
Planning and Zoning	99,040	2,210	-	-
Public Works	441,923	-	-	675,928
Health and Welfare	142,892	-	21,706	-
Recreation and Cultural	1,844,820	418,096	8,546	1,000,000
Interest on Long-Term Debt	357,576	-	-	-
Total Governmental Activities	<u>7,938,778</u>	<u>1,384,705</u>	<u>30,252</u>	<u>1,675,928</u>
Business-type Activities:				
Sewer	<u>242,181</u>	<u>5,981</u>	<u>-</u>	<u>430,636</u>
Total	\$ <u>8,180,959</u>	\$ <u>1,390,686</u>	\$ <u>30,252</u>	\$ <u>2,106,564</u>

General Revenues:
Property Taxes
State Shared Revenue
Franchise Fees
Unrestricted Investment Earnings
Total General Revenues

Change in Net Assets
Net Assets - Beginning

Net Assets - Ending

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (1,084,701)	\$ -	\$ (1,084,701)
(3,003,427)	-	(3,003,427)
(96,830)	-	(96,830)
234,005	-	234,005
(121,186)	-	(121,186)
(418,178)	-	(418,178)
(357,576)	-	(357,576)
<u>(4,847,893)</u>	<u>-</u>	<u>(4,847,893)</u>
 <u>-</u>	 <u>194,436</u>	 <u>194,436</u>
 <u>(4,847,893)</u>	 <u>194,436</u>	 <u>(4,653,457)</u>
 7,099,895	 -	 7,099,895
906,998	-	906,998
157,648	-	157,648
382,363	237,309	619,672
<u>8,546,904</u>	<u>237,309</u>	<u>8,784,213</u>
 3,699,011	 431,745	 4,130,756
<u>22,231,307</u>	<u>12,189,944</u>	<u>34,421,251</u>
 \$ <u><u>25,930,318</u></u>	 \$ <u><u>12,621,689</u></u>	 \$ <u><u>38,552,007</u></u>

CHARTER TOWNSHIP OF OAKLAND
Balance Sheet
Governmental Funds
March 31, 2006

	<u>General</u>	<u>Fire</u>	<u>Police</u>	<u>Building</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 5,929,512	\$ 997,274	\$ 2,012,090	\$ 1,549,696
Receivables (net of allowance for uncollectibles):				
Accounts	112,259	63,187	118,870	-
Due from Other Funds	282,454	-	225	-
Due from Other Units	174,348	-	-	-
Total Assets	\$ <u>6,498,573</u>	\$ <u>1,060,461</u>	\$ <u>2,131,185</u>	\$ <u>1,549,696</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts Payable	\$ 246,233	\$ 19,547	\$ 141,022	\$ 14,377
Accrued and Other Liabilities	67,330	28,524	-	16,078
Due to Other Funds	-	29,636	282	33,362
Due to Other Units	-	54,777	-	-
Deposits Payable	32,945	-	-	147,800
Deferred Revenue	34,157	-	-	-
Total Liabilities	<u>380,665</u>	<u>132,484</u>	<u>141,304</u>	<u>211,617</u>
Fund Balances:				
Reserved for:				
Debt Service	-	-	-	-
Specific Purposes	854,549	-	-	-
Unreserved for:				
General Fund	5,263,359	-	-	-
Special Revenue Funds	-	927,977	1,989,881	1,338,079
Total Fund Balances	<u>6,117,908</u>	<u>927,977</u>	<u>1,989,881</u>	<u>1,338,079</u>
Total Liabilities and Fund Balances	\$ <u>6,498,573</u>	\$ <u>1,060,461</u>	\$ <u>2,131,185</u>	\$ <u>1,549,696</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Net Assets of Governmental Activities

Land Preservation	Other Governmental Funds	Total Governmental Funds
\$ 819,153	\$ 2,054,748	\$ 13,362,473
46,588	108,546	449,450
-	-	282,679
-	-	174,348
<u>\$ 865,741</u>	<u>\$ 2,163,294</u>	<u>\$ 14,268,950</u>

\$ 1,798	\$ 125,435	\$ 548,412
2,595	11,638	126,165
3,897	14,748	81,925
-	-	54,777
-	-	180,745
-	-	34,157
<u>8,290</u>	<u>151,821</u>	<u>1,026,181</u>

-	103,662	103,662
-	-	854,549
-	-	5,263,359
857,451	1,907,811	7,021,199
<u>857,451</u>	<u>2,011,473</u>	<u>13,242,769</u>
<u>\$ 865,741</u>	<u>\$ 2,163,294</u>	

21,194,139

(8,506,590)

\$ 25,930,318

CHARTER TOWNSHIP OF OAKLAND
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended March 31, 2006

	<u>General</u>	<u>Fire</u>	<u>Police</u>	<u>Building</u>
<u>Revenues</u>				
Property Taxes	\$ 1,034,824	\$ 1,103,397	\$ 2,077,773	\$ -
Licenses and Permits	3,278	-	-	609,156
Intergovernmental:				
Federal, State and Local	1,205,480	-	-	-
Charges for Services	170,819	108,566	-	2,200
Fines and Forfeitures	43,753	-	-	-
Franchise Fees	157,648	-	-	-
Interest	199,587	12,276	38,974	48,214
Other	426,839	1,150	-	-
Total Revenues	<u>3,242,228</u>	<u>1,225,389</u>	<u>2,116,747</u>	<u>659,570</u>
<u>Expenditures</u>				
Current:				
General Government	902,615	-	-	-
Public Safety	-	997,533	1,783,486	674,247
Planning and Zoning	82,823	-	-	16,217
Public Works	441,923	-	-	-
Health and Welfare	142,892	-	-	-
Recreation and Cultural	-	-	-	-
Other	149,518	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Other Charges	-	-	-	-
Capital Outlay	430,872	-	-	-
Total Expenditures	<u>2,150,643</u>	<u>997,533</u>	<u>1,783,486</u>	<u>690,464</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,091,585</u>	<u>227,856</u>	<u>333,261</u>	<u>(30,894)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	-	200,000	-	-
Transfers Out	<u>(200,000)</u>	<u>(361,651)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(200,000)</u>	<u>(161,651)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	891,585	66,205	333,261	(30,894)
Fund Balances - Beginning	<u>5,226,323</u>	<u>861,772</u>	<u>1,656,620</u>	<u>1,368,973</u>
Fund Balances - Ending	<u>\$ 6,117,908</u>	<u>\$ 927,977</u>	<u>\$ 1,989,881</u>	<u>\$ 1,338,079</u>

<u>Land Preservation</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 814,321	\$ 2,069,580	\$ 7,099,895
-	-	612,434
-	-	1,205,480
-	51,189	332,774
-	-	43,753
-	-	157,648
44,354	38,958	382,363
1,000,000	375,453	1,803,442
<u>1,858,675</u>	<u>2,535,180</u>	<u>11,637,789</u>
-	-	902,615
-	-	3,455,266
-	-	99,040
-	-	441,923
-	-	142,892
139,709	1,579,273	1,718,982
-	-	149,518
-	625,000	625,000
-	357,576	357,576
2,486,832	450,203	3,367,907
<u>2,626,541</u>	<u>3,012,052</u>	<u>11,260,719</u>
<u>(767,866)</u>	<u>(476,872)</u>	<u>377,070</u>
-	778,131	978,131
<u>(276,109)</u>	<u>(140,371)</u>	<u>(978,131)</u>
<u>(276,109)</u>	<u>637,760</u>	<u>-</u>
(1,043,975)	160,888	377,070
<u>1,901,426</u>	<u>1,850,585</u>	<u>12,865,699</u>
\$ <u><u>857,451</u></u>	\$ <u><u>2,011,473</u></u>	\$ <u><u>13,242,769</u></u>

CHARTER TOWNSHIP OF OAKLAND
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended March 31, 2006

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 377,070
--	------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	2,686,296
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>635,645</u>
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Change in net assets in governmental activities	\$ <u><u>3,699,011</u></u>
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CHARTER TOWNSHIP OF OAKLAND

Balance Sheet

Proprietary Fund

March 31, 2006

	<u>Business-type Activities</u>
	<u>Sewer</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 9,004,890
Accounts Receivable	7,797
Due from Other Units	81
Total Current Assets	<u>9,012,768</u>
Fixed Assets:	
Sewer Mains	10,492,706
Accumulated Depreciation	<u>(2,614,824)</u>
Net Fixed Assets	<u>7,877,882</u>
Total Assets	\$ <u><u>16,890,650</u></u>
 <u>LIABILITIES AND FUND EQUITY</u>	
Current Liabilities:	
Accounts Payable	\$ 851
Contracts Payable	114,825
Due to Other Funds	200,754
Due to Other Units	163,591
Total Current Liabilities	<u>480,021</u>
Noncurrent Liabilities:	
Deferred Revenue	<u>3,788,940</u>
Fund Equity:	
Invested in Capital Assets, net of related debt	7,877,882
Unrestricted	<u>4,743,807</u>
Total Fund Equity	<u>12,621,689</u>
Total Liabilities and Fund Equity	\$ <u><u>16,890,650</u></u>

CHARTER TOWNSHIP OF OAKLAND
Statement of Revenues, Expenses and Changes in Fund Equity
Proprietary Fund
For the Year Ended March 31, 2006

	<u>Business-type Activities</u>
	<u>Sewer</u>
Operating Revenues:	
Charges for Services	\$ <u>5,981</u>
Operating Expenses:	
Operations & Maintenance	31,803
Depreciation Expense	<u>210,378</u>
Total Operating Expenses	<u>242,181</u>
Operating Income (Loss)	(236,200)
Nonoperating Revenues (Expenses):	
Interest Income	<u>237,309</u>
Income (Loss) Before Contributions	1,109
Capital Contributions	<u>430,636</u>
Net Income (Loss)	431,745
Fund Equity - April 1	<u>12,189,944</u>
Fund Equity - March 31	\$ <u><u>12,621,689</u></u>

CHARTER TOWNSHIP OF OAKLAND
Statement of Cash Flows
Proprietary Fund
For the Year Ended March 31, 2006

	<u>Business-type Activities</u>
	<u>Sewer</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Receipts from customers and users	\$ 6,041
Payments to suppliers	(25,817)
Net Cash Provided (Used) by Operating Activities	<u>(19,776)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Capital Contributions	430,636
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest Earned	<u>237,309</u>
Net Increase (Decrease) in Cash and Cash Equivalents	648,169
Cash and Cash Equivalents, Beginning	<u>8,356,721</u>
Cash and Cash Equivalents, Ending	<u>\$ 9,004,890</u>
<u>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</u>	
Operating Income (Loss)	\$ (236,200)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation and Amortization Expense	210,378
(Increase) Decrease in Accounts Receivable	60
Increase (Decrease) in Accounts Payable	851
Increase (Decrease) in Contracts Payable	5,135
Net Cash Provided (Used) by Operating Activities:	<u>\$ (19,776)</u>

CHARTER TOWNSHIP OF OAKLAND
Statement of Fiduciary Net Assets
Fiduciary Funds
March 31, 2006

	<u>Agency Funds</u>		
	<u>Current Tax Collection</u>	<u>Trust & Agency</u>	<u>Total</u>
ASSETS			
Cash	\$ 4	\$ 70	\$ 74
LIABILITIES			
Due to Other	<u>4</u>	<u>70</u>	<u>74</u>
NET ASSETS	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

CHARTER TOWNSHIP OF OAKLAND
Notes to Financial Statements
March 31, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Charter Township of Oakland was organized in 1827 under the Constitution of the State of Michigan and elected Charter status on August 30, 1988, under the provisions of Public Act 359 of 1947, as amended (Charter Township Act). The Township is operated under a Board of Trustees form of government and provides the following services as authorized by law: public safety (police, fire, and safety inspections), highways and streets, sanitation, library, recreation, public improvements, planning and zoning, community programs and general administrative services.

As required by generally accepted accounting principles, these financial statements present the Charter Township of Oakland and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the Township's operations and so data from these units is combined with data of the primary government. The discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. All component units of the Charter Township of Oakland are blended component units and as such, all their financial data has been combined with the data of the primary government in these financial statements. The blended component units include the Building Authority, the Parks Commission, and the Library. Each component unit has a March 31 year end.

B. Joint Ventures

Paint Creek Trailways Commission

A joint venture agreement, effective December 23, 1981, was entered into by the Charter Township of Oakland, the Charter Township of Orion, the City of Rochester Hills, and the City of Rochester for the purpose of establishing and providing for the powers and duties of the Trailways Commission, pursuant to the Urban Cooperation Act (P.A. 7 of 1967). The Commission is a separate legal entity for the purpose of owning, exercising right of dominion over, developing, providing, maintaining and operating certain non-motorized public trails for recreational use within the jurisdictions of member governmental units. The Township appoints two commissioners to the governing board which is responsible for approving the annual budget. Pursuant to the agreement, each member shall be responsible for an equal share of the Commission's budget. For the fiscal year ended March 31, 2006, the Charter Township of Oakland provided \$32,010 to the Commission. The Paint Creek Trailways Commission is not considered a part of the reporting entity of the Charter Township of Oakland. Separate financial statements of the joint venture may be obtained at Paint Creek Trailways Commission, 4393 Collins Road, Rochester, Michigan 48306.

CHARTER TOWNSHIP OF OAKLAND
Notes to Financial Statements
March 31, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. Joint Ventures - Continued

Older Persons' Commission

An interlocal agreement, effective March 28, 1985, and amended August 28, 1995, was entered into by the Charter Township of Oakland, City of Rochester Hills, and the City of Rochester for the purpose of establishing an Older Persons' Commission pursuant to the Urban Cooperation Act (P.A. 7 of 1967). The Commission is a separate legal entity for the purpose of providing activities and services for older persons, defined as those individuals sixty years of age or older residing in the governmental units which are parties to the agreement. The activities and services to be provided include, but are not limited to, the joint ownership and operation of an older persons' activity center and transportation. The Township appoints one member to the Older Persons' Commission. Pursuant to the agreement, each member shall be responsible for its pro-rata share of the budget based upon its assessed valuation of property. During the fiscal year ended March 31, 2006, the Charter Township of Oakland provided \$168,746 to the Commission. The Older Persons' Commission is not considered a part of the reporting entity of the Charter Township of Oakland. Separate financial statements of the Commission may be obtained at Older Persons' Commission, 650 Letica Drive, Rochester, Michigan 48307.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

CHARTER TOWNSHIP OF OAKLAND
Notes to Financial Statements
March 31, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Government-Wide and Fund Financial Statements - Continued

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

Governmental Funds

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fire, Police, and Land Preservation Funds are special revenue funds supported by voted operating tax levies. The Building Fund is a special revenue fund which accounts for building permit fees and the related expenditures of the building inspection activity.

CHARTER TOWNSHIP OF OAKLAND
Notes to Financial Statements
March 31, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued

Governmental Funds - Continued

In addition, the Township reports on the following fund types:

The special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes.

The debt service funds account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Proprietary Funds

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds include the following fund type:

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Township has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The Township's sole enterprise fund is the Sewer Fund, which is reported as a major fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise fund, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

Fiduciary Funds

Fiduciary Funds account for assets held by the government in a trustee capacity by the Township or as an agent on behalf of others. Fiduciary funds include the following fund types:

The Agency Funds are used to account for assets that the government holds for others in an agency capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

CHARTER TOWNSHIP OF OAKLAND
Notes to Financial Statements
March 31, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued

Restricted Resources

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as needed.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the Township to invest in obligations of the U.S. Treasury, commercial paper of certain investment grades, and deposits of Michigan commercial banks.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of allowances for uncollectible accounts, which are recorded as follows:

	<u>Accounts Receivable Governmental</u>	<u>Accounts Receivable Enterprise</u>
Total	\$ 449,450	\$ 7,797
Less Allowance for Doubtful Accounts	<u>-</u>	<u>-</u>
Net Realizable Value	<u>\$ 449,450</u>	<u>\$ 7,797</u>

CHARTER TOWNSHIP OF OAKLAND
Notes to Financial Statements
March 31, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Assets, Liabilities and Net Assets or Equity - Continued

3. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of capitalized value of the assets constructed.

Property, plant and equipment is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	7
Buildings	15-39
Equipment	5-15
Sewer Lines	40-50
Infrastructure	10-50

4. Intangible Assets

Shared road improvements and shared trailways represent the Township's portion of road and trailway improvements for roads and trailways owned by others. The Township records these payments as intangible assets and amortizes the costs over the expected future periods to be benefited. The amortization periods are as follows:

	<u>Years</u>
Road Improvements	30
Trailway Improvements	30

5. Compensated Absences

In accordance with the Township's employee policy handbook, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave. All sick and vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only

CHARTER TOWNSHIP OF OAKLAND
Notes to Financial Statements
March 31, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. Assets, Liabilities and Net Assets or Equity – Continued

5. Compensated Absences - Continued

when they have matured or come due for payment. The long-term portion of compensated absences related to the governmental funds is a liability recorded in the Statement of Net Assets. The total liability at March 31, 2006 is \$91,179.

6. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the Statement of Net Assets. Long-term liabilities expected to be financed from proprietary funds are reported as liabilities in those funds.

7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet And the Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "capital assets used in governmental activities are not

CHARTER TOWNSHIP OF OAKLAND
Notes to Financial Statements
March 31, 2006

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS - Continued

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet And the Statement of Net Assets - Continued

financial resources and, therefore, are not reported in the funds." The details of this \$21,194,139 difference are as follows:

Capital Assets (net of accumulated depreciation)	\$ 20,125,663
Intangible Assets (net of accumulated amortization)	<u>1,068,476</u>
	<u>\$ 21,194,139</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense and amortization expense." The details of this \$3,162,978 difference are as follows:

Capital Outlay	\$ 3,367,907
Depreciation and Amortization Expense	<u>(681,611)</u>
	<u>\$ 2,686,296</u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Township is legally subject to the budgetary control requirements of the State of Michigan P.A. 621 of 1978 (Uniform Budgeting Act). The following is a summary of the requirements of this act:

- a. Budgets must be adopted for the General and Special Revenue Funds.
- b. Budgets must be balanced.
- c. Budgets must be amended as necessary.
- d. Public hearings must be held prior to adoption.
- e. Expenditures cannot exceed budget appropriations.
- f. Expenditures must be authorized by a budget appropriation prior to being incurred.

CHARTER TOWNSHIP OF OAKLAND
Notes to Financial Statements
March 31, 2006

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

A. Budgetary Information - Continued

The Township follows these procedures in establishing the budgetary data reflected in these financial statements:

1. In accordance with State law, the Township Superintendent submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and means of financing them for the upcoming year. Detail line item budgets are included for administrative control. The level of control for the detail budgets is at the departmental basis for the General Fund and the fund basis for the Special Revenue Funds.
2. Public hearings are conducted in January and February to obtain taxpayer comment.
3. The budget is legally enacted through passage of a budget resolution (general appropriation act).
4. Formal budgetary integration is employed as a management control device for the General and Special Revenue Funds. Budgets for these funds are prepared and adopted on a basis consistent with generally accepted accounting principles (GAAP).
5. Budget appropriations lapse at year end.
6. The Township does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds.
7. Budgeted amounts are reported as originally adopted and as amended by the Township Board. The budget was amended during fiscal year 2006.

B. Compliance with P.A. 621 of 1978

1. Deficit Fund Balance

None of the funds have a deficit fund balance as of March 31, 2006.

2. Excess of Expenditures Over Appropriations in Budgetary Funds

The following departments had excess of expenditures over appropriations:

	<u>Actual</u>	<u>Final Budget</u>	<u>Excess of Expenditures Over Appropriations</u>
Land Preservation Fund:			
Expenditures, net of			
Donation	\$1,626,541	\$1,764,182	\$ (137,641)
Donation of Land	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
Total Expenditures	<u>\$2,626,541</u>	<u>\$1,764,182</u>	<u>\$ 862,359</u>

CHARTER TOWNSHIP OF OAKLAND
Notes to Financial Statements
March 31, 2006

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Under State law, the Township is permitted to invest in deposits with Michigan commercial banks, savings and loans and credit unions, obligations of the U.S. Treasury, and corporate bonds and commercial paper with certain investment grades.

The following information as required by the Governmental Accounting Standards Board Statement Number 40, is presented regarding the Township's deposits and investments:

Custodial Credit Risk. In the event of a bank failure, the Township's deposits may not be recovered. Neither State law nor the Township's investment policy requires consideration of custodial credit risk. As of March 31, 2006, the Township's book balance of its deposits was \$22,367,437. The bank balance was \$21,088,310 which was exposed to custodial credit risk, as follows:

	<u>Bank Balance</u>
Insured by F.D.I.C.	\$ 600,000
Uninsured and Uncollateralized	<u>20,488,310</u>
Total	<u>\$ 21,088,310</u>

A reconciliation of cash to the accompanying financial statements follows:

Statement of Net Assets:	
Cash and Cash Equivalents	\$ 22,367,363
Fiduciary Fund:	
Cash	<u>74</u>
Total	<u>\$ 22,367,437</u>

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Township's investment policy does not further limit its investment choices.

Interest Rate Risk. The Township's investment policy limits investment maturities to two years as a means of managing its exposure to fair value losses arising from increasing interest rates. The Township's deposits and investments consisted of the following:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Deposits and Investments:		
Savings and Checking Accounts	\$ 338,898	Demand
Pooled Funds	\$11,970,009	Demand
Certificates of Deposit	\$ 8,779,403	317 Days

CHARTER TOWNSHIP OF OAKLAND
Notes to Financial Statements
March 31, 2006

IV. DETAILED NOTES ON ALL FUNDS – Continued

A. Deposits and Investments – Continued

Credit Risk. State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township's investment policy does not further limit its investment choices. As of year end, all deposits and investments consist of demand accounts, pooled investments, certificates of deposit, all of which are not rated.

Concentration of Credit Risk. The Township's investment policy places no limit on the amount the Township may invest in any one issuer. The Township does not have more than 5% of its total investments in a single issuer.

B. Capital Assets

Capital asset activity for the year ended March 31, 2006 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets, not depreciated:				
Land	\$ 8,748,316	\$ 2,839,080	\$ -	\$ 11,587,396
Capital Assets, being depreciated:				
Land Improvements	1,073,076	84,873	-	1,157,949
Buildings and Improvements	8,187,158	49,069	-	8,236,227
Furniture and Fixtures	367,684	1,595	-	369,279
Machinery and Equipment	957,307	7,854	-	965,161
Vehicles	2,291,777	13,082	-	2,304,859
	<u>21,625,318</u>	<u>2,995,553</u>	<u>-</u>	<u>24,620,871</u>
Less: Accumulated Depreciation:				
Land Improvements	(446,298)	(148,899)	-	(595,197)
Buildings and Improvements	(1,897,326)	(203,815)	-	(2,101,141)
Furniture and Fixtures	(346,190)	(34,167)	-	(380,357)
Machinery and Equipment	(541,408)	(79,529)	-	(620,937)
Vehicles	(598,518)	(199,058)	-	(797,576)
	<u>(3,829,740)</u>	<u>(665,468)</u>	<u>-</u>	<u>(4,495,208)</u>
Governmental Activities				
Capital Assets, net	<u>\$ 17,795,578</u>	<u>\$ 2,330,085</u>	<u>\$ -</u>	<u>\$ 20,125,663</u>

CHARTER TOWNSHIP OF OAKLAND
Notes to Financial Statements
March 31, 2006

IV. DETAILED NOTES ON ALL FUNDS - Continued

B. Capital Assets – Continued

Depreciated expense was charged to functions programs as follows:

General Government	\$ 232,142
Public Safety	312,986
Recreation and Cultural	<u>120,340</u>
	<u>\$ 665,468</u>

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Business-type Activities:</u>				
Capital Assets, being depreciated:				
Sewer System	\$ 10,291,952	\$ -	\$ -	\$ 10,291,952
Water Lines	<u>-</u>	<u>200,754</u>	<u>-</u>	<u>200,754</u>
	10,291,952	200,754	-	10,492,706
Less: Accumulated Depreciation:				
Sewer System	<u>(2,404,446)</u>	<u>(210,378)</u>	<u>-</u>	<u>(2,614,824)</u>
Business-type Activities				
Capital Assets, net	<u>\$ 7,887,506</u>	<u>\$ (9,624)</u>	<u>\$ -</u>	<u>\$ 7,877,882</u>

C. Intangible Assets

The Township has paid for a portion of improvements on roads owned by the Road Commission of Oakland County within the Township. Also, the Township paid for a portion of the resurfacing of the Paint Creek Trailways, which represents the portion of the trail within the Township. These intangible assets have been capitalized and will be amortized over the useful life of the improvements.

Road Improvements	\$ 928,567
Trailway Improvements	<u>161,433</u>
Total	1,090,000
Less: Amortization	<u>(21,524)</u>
	<u>\$ 1,068,476</u>

CHARTER TOWNSHIP OF OAKLAND
Notes to Financial Statements
March 31, 2006

IV. DETAILED NOTES ON ALL FUNDS - Continued

D. Long-Term Debt

The following is a summary of long-term debt transactions of the Township for the year ended March 31, 2006:

	<u>Balance</u> <u>April 1, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>March 31, 2006</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 9,055,000	\$ -	\$ 625,000	\$ 8,430,000	\$ 690,000
Compensated Absences	-	76,590	-	76,590	-
	<u>\$ 9,055,000</u>	<u>\$ 76,590</u>	<u>\$ 625,000</u>	<u>\$ 8,506,590</u>	<u>\$ 690,000</u>

The following is a summary of general obligation debt outstanding of the Township as of March 31, 2006:

	<u>Number</u> <u>of Issues</u>	<u>Interest</u> <u>Rate</u>	<u>Maturing</u> <u>Through</u>	<u>Principal</u> <u>Outstanding</u>
Governmental Activities:				
General Obligation Bonds	4	2.00%-5.00%	2021	<u>\$ 8,430,000</u>

The annual debt service requirements to maturity for debt outstanding as of March 31, 2006 is as follows:

<u>Year Ended</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 690,000	\$ 333,943
2008	750,000	308,795
2009	695,000	285,239
2010	780,000	262,264
2011	845,000	235,421
2012-2016	2,010,000	897,899
2017-2021	2,660,000	356,107
	<u>\$ 8,430,000</u>	<u>\$ 2,679,668</u>

CHARTER TOWNSHIP OF OAKLAND
Notes to Financial Statements
March 31, 2006

IV. DETAILED NOTES ON ALL FUNDS - Continued

E. Inter-fund Receivables, Payables and Transfers

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Fire Fund	\$ 29,636
General Fund	Police Fund	282
General Fund	Park Fund	13,388
General Fund	Building Fund	33,362
General Fund	Historic District Commission	1,135
General Fund	Land Preservation Fund	3,897
General Fund	Sewer Fund	200,754
Police Fund	Park Fund	225
		<u>\$ 282,679</u>
<u>Transfers In</u>	<u>Transfers Out</u>	
Fire Fund	General Fund	\$ 200,000
2000 Fire/Park Debt	Fire Fund	361,651
2000 Fire/Park Debt	Park Fund	140,371
2000 Park Debt	Land Preservation Fund	60,847
2004 Land Debt	Land Preservation Fund	215,262
		<u>\$ 978,131</u>

Inter-Fund A/R and A/P represent un-cleared balances at year end, arising in the normal course of business.

Transfer from the General Fund to the Fire Fund represents amount to augment revenues for fire activities. All other transfers are to meet annual debt service obligations.

CHARTER TOWNSHIP OF OAKLAND
Notes to Financial Statements
March 31, 2006

IV. DETAILED NOTES ON ALL FUNDS - Continued

F. Reserved Fund Balance

A detailed description of fund balance reservations and designations (for all governmental fund types) at March 31, 2006, is presented below:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
<u>Fund Balance</u>			
Reserved for:			
Debt Service	\$ -	\$ -	\$ 103,662
Specific Purposes	854,549	-	-
Total Reserved	854,549	-	103,662
Unreserved:			
Designated	1,634,092	207,635	-
Undesignated	3,629,267	6,813,564	-
Total Fund Balance	\$ <u>6,117,908</u>	\$ <u>7,021,199</u>	\$ <u>103,662</u>

G. Property Taxes

Property taxes are assessed as of each December 31. The Township tax levy is billed on December 1 of the following year, and payable through February. Taxes are considered delinquent on March 1, at which time the applicable property is subject to lien and penalty and interest is assessed. The maximum authorized operating levies for the Township are detailed below:

<u>Purpose</u>	<u>Authorization</u>	<u>Authorized Rate (Pre Rollback)*</u>	<u>Per \$1,000 State Equalized Value Authorized Rate (Post Rollback)*</u>	<u>Rate Levied</u>
Operating	State Law	1.4100	.8774	.8774
Older Persons	Voter Approved	.2500	.2342	.2342
Older Persons Debt	Voter Approved	As Needed	.1730	.1730
Library	Voter Approved	.5490	.4971	.4971
Library	Voter Approved	.2000	.1241	.1241
Parks	Voter Approved	.7500	.6489	.6122
Fire	Voter Approved	1.0000	.9371	.9371
Police	Voter Approved	1.7870	1.7646	1.7646
Historic Preservation	Voter Approved	.1250	.1170	.1170
Land Acquisition	Voter Approved	.7500	.6916	.6916
				<u>6.0283</u>

CHARTER TOWNSHIP OF OAKLAND
Notes to Financial Statements
March 31, 2006

V. OTHER INFORMATION

A. Risk Management

The Charter Township of Oakland is a member of the Michigan Township Participating Plan for its property and casualty insurance coverage and maintains commercial insurance coverage for workers compensation, and accidental death, dismemberment and disability liabilities. The Township believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this coverage in any of the past three fiscal years.

B. Defined Contribution Plans

The Township maintains a defined contribution pension plan for its elected officials and other qualified employees of the Township. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after one and a half months of employment, and are fully vested upon death, total disability, retirement or on termination of service. As established by Board resolution, the Township contributes 12% of employees' gross earnings annually to the plan. The plan may be amended by Board resolution. The Township's current year contribution was \$138,324.

C. Restatements

In prior years the Older Persons' Commission Fund and the Older Persons' Debt Millage Fund were not separately presented in the financial statements. The effect on the governmental fund balances have been restated as of April 1, 2005 as follows:

	<u>Older Persons Commission</u>	<u>2002 GO Debt</u>
Previously Reported	\$ 6,147	\$ 223
Restatement-adjust accounts payable	65,110	-
Restatement-reallocate fund balance	<u>(54,921)</u>	<u>54,921</u>
Fund Balance, as restated	<u>\$ 16,336</u>	<u>\$ 55,144</u>

CHARTER TOWNSHIP OF OAKLAND
Notes to Financial Statements
March 31, 2006

V. OTHER INFORMATION - Continued

D. Contingent Liabilities

Property Tax Appeals

Utility companies appealed tax assessments for 1997-2003, claiming that the State Tax Commission revised depreciation tables adopted in 1999 had retroactive effect. The Township has defended the action, but the case remains unsettled, as is the case statewide. The Township attorney is unable to determine the probable results for the tax amounts in question. Accordingly, adjustments, if any, that might result from the resolution of this matter have not been reflected in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CHARTER TOWNSHIP OF OAKLAND
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended March 31, 2006

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Property Taxes	\$ 988,200	\$ 1,028,200	\$ 1,034,824	\$ 6,624
Licenses and Permits	3,600	3,300	3,278	(22)
Intergovernmental - Federal/CDBG	25,000	25,000	21,706	(3,294)
Intergovernmental - State	903,000	909,000	906,998	(2,002)
Intergovernmental - County	1,000	278,000	276,776	(1,224)
Charges for Services	92,000	175,500	170,819	(4,681)
Fines and Forfeitures	40,000	40,000	43,753	3,753
Franchise Fees	120,000	170,000	157,648	(12,352)
Interest	75,000	125,000	199,587	74,587
Other	40,500	430,500	426,839	(3,661)
Total Revenues	<u>2,288,300</u>	<u>3,184,500</u>	<u>3,242,228</u>	<u>57,728</u>
Expenditures:				
General Government:				
Township Board	308,500	301,400	229,695	71,705
Township Supervisor	13,000	13,400	12,993	407
Superintendent	131,300	131,300	115,816	15,484
Township Clerk	191,000	191,000	147,140	43,860
Board of Review	6,300	6,300	1,902	4,398
Township Treasurer	184,500	187,400	166,229	21,171
Assessor	125,500	125,500	109,963	15,537
Elections	32,000	34,000	14,056	19,944
Building & Grounds	175,000	176,600	104,601	71,999
Cemetery	16,000	16,000	220	15,780
Total General Government	<u>1,183,100</u>	<u>1,182,900</u>	<u>902,615</u>	<u>280,285</u>
Planning and Zoning:				
Planning Commission	<u>128,200</u>	<u>124,200</u>	<u>82,823</u>	<u>41,377</u>
Public Works:				
Highways and Streets	327,075	241,100	140,739	100,361
Street Lighting	6,000	6,000	4,708	1,292
Water Projects	-	281,000	281,519	(519)
Dumping	35,000	35,000	14,957	20,043
Total Public Works	<u>368,075</u>	<u>563,100</u>	<u>441,923</u>	<u>121,177</u>
Health and Welfare:				
Community Programs	139,000	163,800	125,838	37,962
Community Development Block Grant	25,000	25,000	17,054	7,946
Total Health and Welfare	<u>164,000</u>	<u>188,800</u>	<u>142,892</u>	<u>45,908</u>
Other Functions:				
Fringe Benefits	130,500	128,886	119,530	9,356
Insurance and Bonds	35,000	35,000	29,988	5,012
Total Other Functions	<u>165,500</u>	<u>163,886</u>	<u>149,518</u>	<u>14,368</u>
Capital Outlay:				
Capital Outlay-General	278,800	181,000	58,518	122,482
Capital Outlay-Streets	615,000	405,614	372,354	33,260
Total Capital Outlay	<u>893,800</u>	<u>586,614</u>	<u>430,872</u>	<u>155,742</u>
Total Expenditures	<u>2,902,675</u>	<u>2,809,500</u>	<u>2,150,643</u>	<u>658,857</u>

(continued)

CHARTER TOWNSHIP OF OAKLAND
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended March 31, 2006

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (614,375)	\$ 375,000	\$ 1,091,585	\$ 716,585
Other Financing Uses: Operating Transfers Out	<u>(375,000)</u>	<u>(375,000)</u>	<u>(200,000)</u>	<u>175,000</u>
Net Change in Fund Balance	\$ <u><u>(989,375)</u></u>	\$ <u><u>-</u></u>	891,585	\$ <u><u>891,585</u></u>
Fund Balance - April 1			<u>5,226,323</u>	
Fund Balance - March 31			\$ <u><u>6,117,908</u></u>	

CHARTER TOWNSHIP OF OAKLAND
Fire Special Revenue Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended March 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 1,070,000	\$ 1,070,000	\$ 1,103,397	\$ 33,397
Charges for Services	67,050	100,000	108,566	8,566
Interest	7,000	9,000	12,276	3,276
Other	-	650	1,150	500
Total Revenues	<u>1,144,050</u>	<u>1,179,650</u>	<u>1,225,389</u>	<u>45,739</u>
Expenditures:				
Public Safety	<u>1,920,632</u>	<u>2,025,109</u>	<u>997,533</u>	<u>1,027,576</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>(776,582)</u>	<u>(845,459)</u>	<u>227,856</u>	<u>1,073,315</u>
Other Financing Sources (Uses):				
Operating Transfer In	375,000	375,000	200,000	(175,000)
Operating Transfer Out	<u>(361,650)</u>	<u>(361,650)</u>	<u>(361,651)</u>	<u>(1)</u>
Total Other Financing Sources (Uses)	<u>13,350</u>	<u>13,350</u>	<u>(161,651)</u>	<u>(175,001)</u>
Net Change in Fund Balance	\$ <u>(763,232)</u>	\$ <u>(832,109)</u>	66,205	\$ <u>898,314</u>
Fund Balance - April 1			<u>861,772</u>	
Fund Balance - March 31			\$ <u>927,977</u>	

CHARTER TOWNSHIP OF OAKLAND
Police Special Revenue Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended March 31, 2006

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Property Taxes	\$ 1,934,800	\$ 2,038,000	\$ 2,077,773	\$ 39,773
Interest	15,000	32,000	38,974	6,974
Total Revenues	<u>1,949,800</u>	<u>2,070,000</u>	<u>2,116,747</u>	<u>46,747</u>
Expenditures:				
Public Safety	<u>1,949,800</u>	<u>2,070,000</u>	<u>1,783,486</u>	<u>286,514</u>
Excess (Deficiency) of Revenue Over Expenditures	\$ <u>-</u>	\$ <u>-</u>	333,261	\$ <u>333,261</u>
Fund Balance - April 1			<u>1,656,620</u>	
Fund Balance - March 31			\$ <u>1,989,881</u>	

CHARTER TOWNSHIP OF OAKLAND
Building Special Revenue Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended March 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses and Permits	\$ 930,000	\$ 710,000	\$ 609,156	\$ (100,844)
Charges for Services	5,000	5,000	2,200	(2,800)
Interest	32,000	40,000	48,214	8,214
Total Revenues	<u>967,000</u>	<u>755,000</u>	<u>659,570</u>	<u>(95,430)</u>
Expenditures:				
Public Safety	1,036,700	863,700	674,247	189,453
Zoning	24,000	24,000	16,217	7,783
Capital Outlay	90,000	35,000	-	35,000
Total Expenditures	<u>1,150,700</u>	<u>922,700</u>	<u>690,464</u>	<u>232,236</u>
Excess (Deficiency) of Revenue Over Expenditures	(183,700)	(167,700)	(30,894)	136,806
Other Financing Sources:				
Operating Transfers In	<u>183,700</u>	<u>167,700</u>	<u>-</u>	<u>(167,700)</u>
Net Change in Fund Balance	\$ <u>-</u>	\$ <u>-</u>	(30,894)	\$ <u>(30,894)</u>
Fund Balance - April 1			<u>1,368,973</u>	
Fund Balance - March 31			\$ <u>1,338,079</u>	

CHARTER TOWNSHIP OF OAKLAND
Land Preservation Special Revenue Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended March 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 790,000	\$ 790,000	\$ 814,321	\$ 24,321
State Grants	467,946	-	-	-
Donation	-	-	1,000,000	1,000,000
Interest	8,000	8,000	44,354	36,354
Total Revenues	<u>1,265,946</u>	<u>798,000</u>	<u>1,858,675</u>	<u>1,060,675</u>
Expenditures:				
Recreation and Cultural	178,805	178,805	139,709	39,096
Capital Outlay	611,011	1,585,377	2,486,832	(901,455)
Total Expenditures	<u>789,816</u>	<u>1,764,182</u>	<u>2,626,541</u>	<u>(862,359)</u>
Excess (Deficiency) of Revenue Over Expenditures	476,130	(966,182)	(767,866)	198,316
Other Financing Uses:				
Operating Transfers Out	<u>(276,110)</u>	<u>(276,110)</u>	<u>(276,109)</u>	<u>1</u>
Net Change in Fund Balance	\$ <u>200,020</u>	\$ <u>(1,242,292)</u>	(1,043,975)	\$ <u>198,317</u>
Fund Balance - April 1			<u>1,901,426</u>	
Fund Balance - March 31			\$ <u>857,451</u>	

OTHER SUPPLEMENTARY INFORMATION

CHARTER TOWNSHIP OF OAKLAND
Combining Balance Sheet
Nonmajor Governmental Funds
March 31, 2006

	Special Revenue	Debt Service	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,951,086	\$ 103,662	\$ 2,054,748
Accounts Receivable	<u>108,546</u>	<u>-</u>	<u>108,546</u>
Total Assets	\$ <u><u>2,059,632</u></u>	\$ <u><u>103,662</u></u>	\$ <u><u>2,163,294</u></u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts Payable	\$ 125,435	\$ -	\$ 125,435
Accrued Liabilities	11,638	-	11,638
Due to Other Funds	<u>14,748</u>	<u>-</u>	<u>14,748</u>
Total Liabilities	<u>151,821</u>	<u>-</u>	<u>151,821</u>
Fund Balance:			
Reserved for :			
Debt Service	-	103,662	103,662
Unreserved	<u>1,907,811</u>	<u>-</u>	<u>1,907,811</u>
Total Fund Balance	<u>1,907,811</u>	<u>103,662</u>	<u>2,011,473</u>
Total Liabilities and Fund Balance	\$ <u><u>2,059,632</u></u>	\$ <u><u>103,662</u></u>	\$ <u><u>2,163,294</u></u>

CHARTER TOWNSHIP OF OAKLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended March 31, 2006

	Special Revenue	Debt Service	Total Nonmajor Governmental Funds
<u>Revenues:</u>			
Property Taxes	\$ 1,866,182	\$ 203,398	\$ 2,069,580
Charges for Services	51,189	-	51,189
Interest	37,621	1,337	38,958
Other	370,373	5,080	375,453
Total Revenues	<u>2,325,365</u>	<u>209,815</u>	<u>2,535,180</u>
<u>Expenditures:</u>			
Recreation and Cultural	1,579,273	-	1,579,273
Debt Service:			
Principal	-	625,000	625,000
Interest and Other Charges	-	357,576	357,576
Capital Outlay	450,203	-	450,203
Total Expenditures	<u>2,029,476</u>	<u>982,576</u>	<u>3,012,052</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>295,889</u>	<u>(772,761)</u>	<u>(476,872)</u>
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	-	778,131	778,131
Operating Transfers Out	(140,371)	-	(140,371)
Total Other Financing Sources (Uses)	<u>(140,371)</u>	<u>778,131</u>	<u>637,760</u>
Net Change in Fund Balances	155,518	5,370	160,888
Fund Balances - April 1	<u>1,752,293</u>	<u>98,292</u>	<u>1,850,585</u>
Fund Balances - March 31	<u>\$ 1,907,811</u>	<u>\$ 103,662</u>	<u>\$ 2,011,473</u>

CHARTER TOWNSHIP OF OAKLAND
Nonmajor Special Revenue Funds
Combining Balance Sheet
March 31, 2006

	<u>Park</u>	<u>Older Persons' Commission</u>	<u>Library</u>	<u>Historic District Commission</u>	<u>Total</u>
<u>ASSETS</u>					
Cash	\$ 766,041	\$ 107,902	\$ 825,164	\$ 251,979	\$ 1,951,086
Accounts Receivable	<u>41,109</u>	<u>17,708</u>	<u>41,846</u>	<u>7,883</u>	<u>108,546</u>
Total Assets	<u>\$ 807,150</u>	<u>\$ 125,610</u>	<u>\$ 867,010</u>	<u>\$ 259,862</u>	<u>\$ 2,059,632</u>
 <u>LIABILITIES AND FUND BALANCE</u>					
Liabilities:					
Accounts Payable	\$ 2,914	\$ 120,124	\$ -	\$ 2,397	\$ 125,435
Accrued Liabilities	10,388	-	-	1,250	11,638
Due to Other Funds	<u>13,613</u>	<u>-</u>	<u>-</u>	<u>1,135</u>	<u>14,748</u>
Total Liabilities	26,915	120,124	-	4,782	151,821
Fund Balance:					
Unreserved:					
Undesignated	<u>780,235</u>	<u>5,486</u>	<u>867,010</u>	<u>255,080</u>	<u>1,907,811</u>
Total Liabilities and Fund Balance	<u>\$ 807,150</u>	<u>\$ 125,610</u>	<u>\$ 867,010</u>	<u>\$ 259,862</u>	<u>\$ 2,059,632</u>

CHARTER TOWNSHIP OF OAKLAND
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended March 31, 2006

	<u>Park</u>	<u>Older Persons' Commission</u>	<u>Library</u>	<u>Historic District Commission</u>	<u>Total</u>
Revenues:					
Property Taxes	\$ 720,828	\$ 276,008	\$ 731,427	\$ 137,919	\$ 1,866,182
Charges for Services	51,189	-	-	-	51,189
Interest	13,673	2,021	12,699	9,228	37,621
Other	370,365	-	-	8	370,373
Total Revenues	<u>1,156,055</u>	<u>278,029</u>	<u>744,126</u>	<u>147,155</u>	<u>2,325,365</u>
Expenditures:					
Current:					
Recreation and Cultural	403,023	288,879	699,751	187,620	1,579,273
Capital Outlay	365,330	-	-	84,873	450,203
Total Expenditures	<u>768,353</u>	<u>288,879</u>	<u>699,751</u>	<u>272,493</u>	<u>2,029,476</u>
Excess (Deficiency) of Revenues Over Expenditures	387,702	(10,850)	44,375	(125,338)	295,889
Other Financing Uses:					
Operating Transfers Out	<u>(140,371)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(140,371)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Uses	247,331	(10,850)	44,375	(125,338)	155,518
Fund Balance - April 1	<u>532,904</u>	<u>16,336</u>	<u>822,635</u>	<u>380,418</u>	<u>1,752,293</u>
Fund Balance - March 31	<u>\$ 780,235</u>	<u>\$ 5,486</u>	<u>\$ 867,010</u>	<u>\$ 255,080</u>	<u>\$ 1,907,811</u>

CHARTER TOWNSHIP OF OAKLAND
Nonmajor Debt Service Funds
Combining Balance Sheet
March 31, 2006

	<u>2002 GO Bond Debt</u>	<u>2000 Park Debt</u>	<u>2000 Fire/Park Debt</u>	<u>2004 Land Debt</u>	<u>Total</u>
<u>ASSETS</u>					
Cash	\$ 48,620	\$ 43	\$ 31,438	\$ 12,996	\$ 93,097
Taxes Receivable	<u>10,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,565</u>
Cash	<u>\$ 59,185</u>	<u>\$ 43</u>	<u>\$ 31,438</u>	<u>\$ 12,996</u>	<u>\$ 103,662</u>
 <u>LIABILITIES AND FUND BALANCE</u>					
Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance:					
Reserved for Debt Service	<u>59,185</u>	<u>43</u>	<u>31,438</u>	<u>12,996</u>	<u>103,662</u>
Total Liabilities and Fund Balance	<u>\$ 59,185</u>	<u>\$ 43</u>	<u>\$ 31,438</u>	<u>\$ 12,996</u>	<u>\$ 103,662</u>

CHARTER TOWNSHIP OF OAKLAND
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended March 31, 2006

	<u>2002 GO Bond Debt</u>	<u>2000 Park Debt</u>	<u>2000 Fire/Park Debt</u>	<u>2004 Land Debt</u>	<u>Total</u>
Revenues:					
Property Taxes	\$ 203,398	\$ -	\$ -	\$ -	\$ 203,398
Interest	7	1	940	389	1,337
Other	5,080	-	-	-	5,080
Total Revenues	<u>208,485</u>	<u>1</u>	<u>940</u>	<u>389</u>	<u>209,815</u>
Expenditures:					
Principal	100,000	55,000	300,000	170,000	625,000
Interest and Fees	104,444	5,847	202,022	45,263	357,576
Total Expenditures	<u>204,444</u>	<u>60,847</u>	<u>502,022</u>	<u>215,263</u>	<u>982,576</u>
Excess (Deficiency) of Revenues Over Expenditures	4,041	(60,846)	(501,082)	(214,874)	(772,761)
Other Financing Sources:					
Operating Transfers In	<u>-</u>	<u>60,847</u>	<u>502,022</u>	<u>215,262</u>	<u>778,131</u>
Net Change in Fund Balance	4,041	1	940	388	5,370
Fund Balance - April 1	<u>55,144</u>	<u>42</u>	<u>30,498</u>	<u>12,608</u>	<u>98,292</u>
Fund Balance - March 31	<u>\$ 59,185</u>	<u>\$ 43</u>	<u>\$ 31,438</u>	<u>\$ 12,996</u>	<u>\$ 103,662</u>